

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 AGR-05 CEA-01 CIAE-00

DODE-00 FRB-03 H-01 INR-07 INT-05 L-02 LAB-04 NSAE-00

NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-01 TAR-01

TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01 /097 W

----- 022148

R 241323Z FEB 75

FM AMEMBASSY BUCHAREST

TO SECSTATE WASHDC 1810

INFO AMEMBASSY BUDAPEST

AMEMBASSY PARIS

/USDOC WASHDC

USMISSION GENEVA

LIMITED OFFICIAL USE BUCHAREST 0757

PARIS PASS OECD

E.O. 11652: N/A

TAGS: GATT, ETRD, RO

SUBJECT: GATT AND THE ROMANIAN TARIFF

REF: (A) BUCHAREST 516; (B) STATE 038692 (NOTAL)

1. ROMANIAN DEPUTY MINISTER FOR FOREIGN TRADE (MFT) ION STOIAN USED THE OCCASION OF AMBASSADOR'S DINNER FOR USDOC ASSISTANT SECRETARY ARTHUR DOWNEY FEB. 20 TO RAISE THE ISSUE OF GATT AND IN PARTICULAR U.S. ACCEPTANCE OF THE EFFECTIVENESS OF THE ROMANIAN TARIFF SYSTEM. STOIAN PREFACED HIS COMMENTS BY NOTING HE HAD CONDUCTED A GOOD SHARE OF ROMANIAN NEGOTIATIONS IN PREPARATION FOR ORIGINAL GOR ADHERENCE TO GATT. HE MADE A NUMBER OF THE SAME POINTS MADE BY OANACEA (REFTEL A)-- THAT ROMANIA HAD TESTED IT, AND FOUND IT USEFUL POLICY INSTRUMENT. AS OF APRIL 1, WHEN TARIFF WILL COME INTO FULL FORCE, MFT WILL FIND IT PARTICULARLY USEFUL TO HAVE THE

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POSSIBILITY OF INCREASING TARIFFS ON LESS ESSENTIAL

PRODUCTS COMING FROM COUNTRIES WHICH DO NOT GIVE ROMANIA MFN. AMBASSADOR NOTED U.S. WELCOMED ROMANIA'S WILLINGNESS TO BECOME MORE CLOSELY INVOLVED IN WORLD TRADING SYSTEM BUT SPOKE OF OUR DOUBTS ABOUT ACTUAL EXTENT OF ROLE TARIFF PLAYED. STOIAN ARGUED THAT WE COULD NOT EXPECT TARIFF'S ROLE IN A NON MARKET COUNTRY TO BE AN EXACT REPLICA OF WHAT IT WOULD BE IN A MARKET COUNTRY.

2. A NEW ELEMENT, PERHAPS REFLECTING STOIAN'S RESPONSIBILITY FOR RELATIONS WITH OTHER SOCIALIST COUNTRIES, WAS HIS ATTENTION TO THE HUNGARIAN TARIFF. HE NOTED IT HAD BEEN CONSIDERED EFFECTIVE BY THE U.S. AND BY GATT, WHICH STOIAN ATTRIBUTED TO HUNGARY'S GREATER ECONOMIC DECENTRALIZATION HAD NO EFFECT ON DECISIONS TO PURCHASE FROM WESTERN MARKET SOURCES RATHER THAN SOCIALIST COUNTRIES -- WITNESS THE HEAVY PREPONDERANCES OF ITS TRADE WITH ITS CEMA PARTNERS -- WHILE ROMANIA HAS A MUCH LARGER SHARE OF ITS TRADE WITH MARKET ECONOMIES THAN DOES HUNGARY. HE SAID ROMANIA HAD ONLY 40 PERCENT OF ITS TRADE WITH SOCIALIST COUNTRIES IN 1974, NOT COUNTING YUGOSLAVIA (WHICH WOULD MAKE IT 43 PERCENT). HE URGED SYMPATHETIC U.S. APPROACH TO TARIFF AS WAY OF REINFORCING ROMANIAN INVOLVEMENT IN WORLD TRADE SYSTEM.

3. AS SEEN FROM HERE WE THINK THERE MAY BE SOMETHING IN OBSERVATION THAT HUNGARIAN TARIFF DOES NOT APPEAR TO AFFECT ALL THAT MUCH PURCHASING DECISIONS BETWEEN MARKET AND NON-MARKET SUPPLIERS. IT WOULD ALSO APPEAR THAT ITS MOST EFFECTIVE ELEMENT APPEARS TO BE ITS DENIAL OF MOST-FAVORED-NATION TREATMENT (MFN) TO THE U.S. AS THE DEPARTMENT IS AWARE, THE ROMANIAN TARIFF PROVIDES FOR NON-MFN TREATMENT, AND WE HAVE BEEN SPARED ONLY BECAUSE OF U.S. COMMITMENT TO PROVIDE MFN. IF CONGRESS WERE TO REJECT MFN FOR ROMANIA, WE EXPECT WE WOULD SEE THAT THE TARIFF IS INDEED AN EFFECTIVE INSTRUMENT AND IT WOULD SERIOUSLY DAMAGE U.S. EXPORTERS' ABILITY TO COMPETE WITH OTHER WESTERN SUPPLIERS.

4. EMBASSY WOULD APPRECIATE A RESTATEMENT OF DEPARTMENT'S REASONS FOR ACCEPTING THE HUNGARIAN TARIFF FOR USE WHEN THIS SUBJECT IS RAISED AGAIN, AS WELL AS CLEARER INDICATION OF STANDARDS APPLIED UNDER GATT TO TARIFFS OF NON-SOCIALIST DEVELOPING COUNTRIES AND EXTENT TO WHICH ROMANIAN LIMITED OFFICIAL USE

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TARIFF DOES OR DOES NOT MEET THEM.
BARNES

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
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Draft Date: 24 FEB 1975
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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
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Margaret P. Grafeld
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